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Follow-up to the International Conference on Financing for Development: high-level dialogue for the implementation of the outcome of the International Conference on Financing for Development

Follow-up to the International Conference on Financing for Development at the regional level: Contribution of the Regional Commissions

General Orientation

1. The Monterrey Consensus recognizes the role of the regional commissions in the effective implementation and follow-up of the outcome of the International Conference on Financing for Development, held in Monterrey, Mexico, in March 2002. Since then, the regional commissions have been contributing to the efforts of countries in their respective regions towards achieving progress in the 'leading actions' identified in the Conference. Their follow-up actions have mainly focused on analytical work, promoting policy dialogue, capacity building and sharing of best practices, and include both normative and operational activities. Further, the regional follow-up actions on Financing for Development are consolidating the partnership between regional commissions, regional development banks and other regional financial institutions that were forged in the preparatory process for the Monterrey Conference.

2. Taking advantage of their in-house multi-disciplinary capacities, the regional commissions are also promoting an integrated and holistic approach in their actions along the lines of the Monterrey Consensus and taking especially into account the results of the Johannesburg Summit on Sustainable Development. Likewise, the activities of the regional commissions in the areas of trade and trade facilitation are highly relevant for the follow-up to the FfD process. In order to assist their developing member countries to effectively integrate in the global trading system, the commissions have continued their work with other partners in formulating trade policies and strategies to take advantage of the opportunities provided by globalization and liberalization. In this regard, they have undertaken analytical work, organized policy seminars including on trade policy, held training workshops aimed at capacity-building for effective negotiations on various issues earmarked for negotiations in the new Doha Development Round, and also helped countries prepare for the fifth session of the WTO Ministerial Conference held in September 2003.

3. The regional Economic and Social Surveys for 2002-2003, prepared by the five commissions, addressed the macroeconomic developments in their respective regions, -- often providing focused analysis of significant policy issues relevant to progress and sustainable development in those regions.

Economic Commission for Europe

4 The ECE Survey 2003, "The Economic Survey of Europe" included studies on "The impact of the EU enlargement on non-candidates in Eastern Europe and the CIS" and "International Trade of the CIS", – thereby contributing to the debate on the establishment of a 'wider Europe'. Among its analytical work in the areas of mobilization of resources for development, FDI and management of external debt, the ECE study on "the Transition Economies" addressed, inter alia, the foreign indebtedness of Eastern Europe and the CIS, and their access to the global financial markets as well as coherency and consistency of macro-economic policies in the light of rising fiscal deficits in several East European and CIS countries. The importance of reform in economic development was addressed by ECE in its analytical work on "Progress in Systematic Reforms in the CIS" and good corporate governance in "Corporate Governance in the ECE Region".

5. With regard to exchange of best practices, ECE organized an expert group meeting on "How to Become a Supplier of Large Enterprises and Transnational Corporations" and a seminar on "How to Build Dynamic and Successful Public Private Partnership Units". A seminar on "Trade, Business and Investment in a Wider Europe," to examine the consequences of EU enlargement for the region, and particularly for the "new neighbour" countries was also organized. To promote trade facilitation and, inter alia, greater simplification, harmonization and transparency in trade procedures, the Second International Forum on Trade Facilitation was organized in May 2003. A guide on "Trade Finance for Small and Medium sized Enterprises in CIS Countries" was also published.

6. The question of financing of transport infrastructure has also been significant among the various ECE activities. For example, the ECE Working Party on Transport Trend, considered in September 2003, the issue of financing schemes for transport infrastructure. In this connection, a number of member countries have expressed the wish to review the existing modalities and techniques for financing of transport infrastructure projects with a view to considering new innovative approaches for identifying national and international financial resources. On the basis of information to be assembled from member countries, a report will be finalized highlighting various techniques for the financing of transport infrastructure projects.

7. ECE has also recently completed a report on "Cost Benefit Analysis of Transport Infrastructure Projects". The report addresses, in the overall appraisal framework, the financial implications of evaluation, underlines the importance of financial investment costs, financial infrastructure maintenance and operating costs, vehicle operating costs and revenues; and mentions the impact of these items on transport operators, infrastructure providers, etc, in cash-flow terms. In providing a comparable basis for alternative infrastructure projects the report contributes to rational decision-taking in project selection and in using financial means in an optimum way. Forging public-private partnerships (PPP) opens new streams of financing from

private sources. In March 2002, ECE organized a seminar on PPP units, the first part of which provided assistance to governments on how to develop successful projects for financing on a PPP basis. More recently in March 2003, and as a follow-up, ECE cooperated with ESCAP in organizing a conference in Bangkok in promoting PPP units for pro-poor projects.

8. Likewise, in March 2003, ECE held its Second Forum of Women Entrepreneurs, at which the majority of participants were women entrepreneurs and representatives of women's business associations from more than 28 countries, and gathered over 250 women entrepreneurs, their business associations, SME policy makers, representatives of Governments, international organizations and non-governmental organizations. The Forum focused on initiatives and best practices of Governments, private sector and other stakeholders aimed at improving access to financing and new technologies.

Economic and Social Commission for Asia and the Pacific

9. Recognizing that the provision of education and health services is a key priority for development in the region, ESCAP's Economic and Social Survey of Asia and the Pacific 2003 addressed the issues of financing education and health provision in the region. The Survey 2003 also examined the problem of the insufficiency of public resources to expand education and health to satisfy the needs of all citizens and the need to augment their provision from the multiple channels including private sector, communities, NGOs, traditional donors and multilateral organizations.

10. ESCAP, in collaboration with UNDP, published in July 2003, a joint study on the Millennium Development Goals in Asia and the Pacific, entitled "Meeting the Challenges of Poverty Reduction". The study is the first systematic regional survey on the subject. Noting that increased mobilization and efficient allocation of financial and non-financial resources by Government are vital in achieving of the MDGs, ESCAP is working to a) assess resources requirements, identify strategies to raise and allocate those resources, and compare suitability of different approaches to raise additional resources to achieve the intended MDGs; b) develop regional estimates of financial costs of achieving selected MDGs for the region; c) present and compare the methodologies, cost estimates and suitable strategies to raise resources to achieve the MDGs in selected countries at a regional expert meeting; and d) organize subregional forums for policy makers and representatives of civil society and the private sector in the region for wider dissemination of information, capacity-building and advocacy for achieving the MDGs. Further, ESCAP prepared a joint study on "Rejuvenating Bank Finance for Development in Asia and the Pacific", with the Asian Development Bank, and organized in, October 2002, a Roundtable discussion on the Asian Banking Sector in October 2002.

11. ESCAP is implementing a project on resource mobilization which, inter alia, aims at compiling and evaluating the existing income and employment generation programmes in the Central Asian countries during the period of economic transition to a market economic system. The project will involve preparation of country studies, sub-regional comparative analysis and organization of national seminars in 2004. In order to stimulate investment, growth and sustainable development in Central Asia, ESCAP and the Government of Tajikistan jointly held the International Economic Conference and Regional Round Table on Foreign Direct Investment

for Central Asia, in April 2003 at Dushanbe, Tajikistan. The event benefited from the considerable inputs provided by ECE. ESCAP also plans to hold in 2004, subject to availability of funds, nation workshops on sustainable external debt management for the developing countries in Asia and the Pacific. In relation to the promotion and attraction of FDI, ESCAP held training workshops in June 2003 in Bangkok, Thailand, and plan to conduct six more in Viet Nam, Lao PDR and Cambodia. In August 2003, ESCAP published 'FDI in Central Asia and Caucasian Economies' in August 2003 and "Investment Promotion and Enterprise Development Bulletin for Asia and the Pacific.

12. ESCAP held the first session of the committee on poverty reduction in Bangkok, Thailand in October 2003, and the theme of the topic of this session was 'Financial and other key resource mobilization issues related to the implementation of the Millennium Development Goal of eradicating extreme poverty and hunger' In this policy-oriented and interactive discussion session, senior policy makers of the regional countries will exchange views on issues and strategies regarding financing for development. In recognition of the contribution of civil society to poverty reduction efforts, a Civil Society Forum is also being organized by ESCAP as a side event for two days preceding the dialogue. The Civil Society Forum deliberate on a subject related to the theme of the policy dialogue, "Resource mobilization issues for the Millennium Development Goal of eradicating extreme poverty and hunger".

Economic Commission for Latin America and the Caribbean

13. Most of the analytical work carried out by ECLAC on Financing for Development issues has focussed on the key element of mobilization of resources for productive activities. The ECLAC "Economic Survey for 2003" includes a chapter on the role of Development Banks in the Financing of Productive Development and ECLAC "Foreign Investment in Latin America and the Caribbean, 2002 Report" presented an analysis of flows from transnational banks to the banking sector in the region. Further, ECLAC has recently published the document entitled "Financing For Sustainable Development. Visions and Proposals for Action From a Latin American and Caribbean Perspective", which presents the outcome of extensive discussions held at a high-level forum which took place during the Johannesburg Summit, organized by the Government of Mexico, ECLAC, the UNDP and the Andean Development Corporation. The views set forth in this document are designed to facilitate and promote application of the Plan of Implementation of the World Summit on Sustainable Development within the framework of the Millennium Development Goals and the commitments assumed at the International Conference on Financing for Development.

14. The ECLAC document, entitled "Multilateral Banking and Development Financing in a Context of Financial Volatility", reviews the significant role played by multilateral banking in the region, supporting public and private investment and providing contra-cyclical financing when private capital flows are volatile. Within the framework of the joint ECLAC-IADB project entitled, "Regional Aspects of Financing for Development in Latin America and the Caribbean", ECLAC published in March 2002 a study entitled, "The Debt Crisis, International Financing and the Participation of the Private Sector".

15. ECLAC has started implementing two joint projects, one with the IADB entitled, "The challenge of accelerating growth in Latin America and the Caribbean", which has the two-fold objective of, on the one hand, to analyse the productivity gap as a determining factor for achieving economic growth in the region and, on the other hand, to analyse the role of the banking sector in deepening financial markets as a tool at the service of the productive sectors. In the later case, the project will assess successful experiences on three key issues: availability of financial resources for the medium and long term, mechanisms to improve access to credit and the linkages between development and private banking sectors. The other joint project, this one with the financial assistance of the German Government, is entitled "Strengthening the Role of Regional and National Financial Institution for Sustainable Social Development" and has three objectives, first to identify instruments and institutions that can contribute to stabilise national/regional financial markets, and or deal with the economic and social effects of volatility; the second to assess the role that development banks at regional and national levels can play in favour of productive development, especially in the context of increasing liberalized financial systems; and third to make available the international experience on legal and organizations innovations that allow development banks to compete on national financial markets.

16. With support of the Government of the Netherlands, ECLAC has been implementing a project entitled, "Financial Policies to Increase Savings and Promote Social Equity." Among its activities, the project produced a study entitled "Housing Finance and Access to Housing for Lower Income Households in Latin America", published in September 2002, as part of ECLAC Financing for Development series. , ECLAC, together with the World Bank, the IMF and the Inter-American Development Bank (IADB), and under auspices of the Ministry of Finance of Chile, has been organizing annually a seminar on regional fiscal policy. This year, the Organization for Economic Cooperation and Development (OECD) also contributed to this joint initiative and two FfD issues were examined during the Fifteenth Regional Seminar, held in January 2003: Fiscal policy in the highly indebted poor countries and Strengthening the international financial architecture.

17. On exchange of experiences, ECLAC organized jointly with the Netherlands, an international seminar on "Popular saving in the region and in Europe", in La Paz, Bolivia, from 30 May to 5 June 2002, following case studies undertaken in Bolivia, Costa Rica, El Salvador and Uruguay; and also held a forum on "Macroeconomic policy and social vulnerability", which took place in Santiago, Chile, on 26-27 November 2002.

18. In regard to systemic issues, as part of a joint UNU/WIDER/ECLAC project on "Capital Flows to Emerging Markets since the Asian Crisis", ECLAC issued two reports in March 2003, entitled "Financial Regulations and Supervision in Emerging Markets: The Experience of Latin America since the Tequila Crisis" and "Financial Crisis and National Policy Issues: an Overview". The latter focused on the interrelationship between capital flows and fiscal monetary and exchange rate, and bank regulation policies. ECLAC also organized an international seminar on "Management of Volatility, Financial Globalization and Growth in Emerging Economies", held in Santiago on 24 April 2003 and with sponsorship of the German Agency for Technical Cooperation (GTZ), ECLAC has been executing a project entitled, "Institutional Requirements for Market-led Development in Latin America".

Economic Commission for Africa

19. The ECA survey, "The Economic Report on Africa 2003: Accelerating the Pace of Development" examined how Africa can achieve growth rates necessary to attain the Millennium Development Goals (MDGs) and analysed the policies that have been adopted by those African countries that have made the most progress to reduce poverty. Using an ECA-designed Expanded Policy Stance Index, it ranked African countries based on the performance of macroeconomic, poverty reduction, and institution building policies.

20. ECA has been supporting African countries through a variety of activities aimed at ensuring the coherence and consistency of the international monetary, financial and trading systems. Thus, ECA's support has been focused on measures to enhance domestic resource mobilization, ODA, international trade flows and debt relief as critical elements for achieving coherence in financing for development. In the area of domestic financial resources mobilization, ECA has been supporting African countries to formulate and implement sound economic and financial policies for the development of efficient banking and financial systems through technical advisory services to member States. Several meetings and workshops/expert group meeting and conferences were held in 2002 focusing on the design and implementation of appropriate policies for domestic and external resource mobilization.

21. ECA launched a capital market development project in 2003 to address the problem of weak capital markets in Africa at the regional and national levels. ECA has also been actively involved in analytical work on capital flows to Africa, which is being undertaken by an independent high-level panel composed of international academics and private sector executives, as well as senior officials of several international organizations. The Commission developed "A Ten-Year Strategy For Increasing Capital Flows to Africa" which makes a series of wide-ranging recommendations for policy changes by the G8 and the OECD to promote increased capital flows to Africa, premised on steps by the African countries themselves to provide improvements in their investment climate. ECA also co-organized the fourth biennial US-Africa Business Summit, hosted by the Corporate Council on Africa, in Washington DC, on 25 June 2003.

22. At the request of member States, ECA is convening an African Experts Group Meeting on debt relief in 2003, and an International Conference on African Debt Relief in early 2004. The aim of these meetings will be to define the policies, instruments and initiatives that can constitute the next step in the international community's efforts to reduce Africa's debt burden.

23. ECA published in March 2003, as part of its ESPD Working Paper series, an analytical report on "Welfare Effects of Monetary Union and Flexible Exchange Rate Regimes in the Economic Community of West African States."

24. For the first time the 2003 annual meeting of the ECA Conference of African Ministers of Finance, Planning and Economic Development was held in Addis Ababa in June 2003, back-to-back with the Annual Meetings of the African Development Bank, in a bid to foster greater coherence and strengthen partnership. The Conference was devoted to issues that are central to the implementation of the Monterrey Consensus: enhancing mutual accountability, harmonization and policy coherence for greater development effectiveness. At the meeting, the

ministers welcomed the accession of 15 African countries to the Peer Review Mechanism and urged others to join. They acknowledged the work that ECA has been undertaking with the Organization for Economic Cooperation and Development (OECD) to develop an institutional framework for the mutual review of development partners in terms of their commitment to Africa as "an important tool for operationalising mutual accountability". The Ministers warned that the enhanced HIPC initiative was not delivering long-term debt sustainability and called for rapid establishment of legal technical assistance facility to help HIPC deal with creditor litigation. They also recognized that domestic debt in many African countries requires urgent attention because it reduces flexibility, raises domestic interest rates and crowds out investment. They warned that the level of aid flows to Africa remained a major concern and needed to be further increased. The Ministers welcomed the proposed International Finance Facility (IFF) "as the first of its kind designed to mobilize additional resources for the poorest countries to meet the MDGs."

Economic and Social Commission for Western Asia

25. "The Survey of Economic and Social Developments in the ESCWA Region 2003" provides analysis of globalization and regional integration. A study published by ESCWA in 2002, entitled "Globalization of Financial Markets: Implications for the ESCWA Region", pointed out that the globalization of financial markets presented large risks, since the instability in one country may adversely affect other countries. The study analysed some of the basic aspects related to the soundness of financial systems and financial liberalization efforts, in order to identify the measures the ESCWA member States must take to cope with implications of globalized financial markets, enhance stability and robustness of their financial system. It also contained a comparative analysis of the trends in international intermediation, savings and investment as well as issues pertaining to savings, investments and the resource balances of the member States. Further, it reviewed the quality and amount of access the ESCWA member States have to global financial system. Also in 2002, ESCWA published a study entitled, "Information Systems for Modernizing the Operations of Rural Financial Institutions in ESCWA Member Countries". It analysed the role of rural financial institutions in developing countries for substantially improving efficiency in providing financial services. It contained case studies prepared on Egypt, Indonesia and Jordan.

26. In addition, ESCWA has just completed a report titled "Report on the Follow-up on the Implementation of the International Conference on Financing for Development in the ESCWA Region". Furthermore, it is currently finalizing two financing for development related studies, one in Arabic titled "Attraction of FDI and Intra-regional Investment: Improvement of Investment Climate and Mobilization of Domestic Savings, with special Case Studies on Bahrain, Jordan and Yemen". The other study currently being finalized by ESCWA is in English and titled "Responding to Globalization: Stock Markets' Networking for Regional Integration in the ESCWA Region". Moreover, ESCWA will initiate later this year a study titled "External Debt Management in the ESCWA Region, with case studies on Jordan and Lebanon".

27. Further, with respect to the area of external debt, ESCWA participated in UNCTAD's third Debt Management and Financial System (DMFAS) Advisory Group Meeting held in

Geneva in September 2002. The issues tackled included debt-management capacity building, and reviewed experiences of countries in managing their respective external debts.

28. ESCWA and UNCTAD jointly organized a training workshop held from 28 October to 1 November 2002 in Beirut, on "Methodological Standards for Compilation of Statistics on Foreign Direct Investment and the Activities of Transnational Corporations". The workshop was attended by six ESCWA member States that are covered in a joint project that plans to establish a database on FDI in six ESCWA members. The two organizations are also cooperating in the implementation of another project on "Networking of expertise on foreign direct investment in the ESCWA region". Also, in June 2003, they jointly organized a training course for high-level officials on "Key issues on the international economic agenda". The several areas covered in the course included foreign direct investment, national FDI policies and TNCs in service sector and export competitiveness.

29. With respect to promoting policy dialogue, all the commissions organized regional preparatory meetings prior to the Doha Ministerial Meeting of WTO. Similar consultations at senior policy levels were held, in addition to providing on request assistance to member States for preparation at national level for the fifth Ministerial Meeting of WTO. ESCWA has also been providing advisory services to those member States that are not yet members of WTO with a view to facilitating their early entry into the latter. In that connection, ESCWA has instituted a programme for making WTO related documentation and training materials available in Arabic.

Conclusion

30. For all of the five regional commissions, the follow-up on the Monterrey Consensus is an area of focused and high priority activity in their respective work programmes for the 2004-2005 biennium. Similarly, trade and regional integration occupy a significant position. In that context, ESCAP, ECA and ESCWA will continue to pay special attention to facilitate the joining of non-WTO countries in their respective regions in the world trade body and to promote their integration into the global trading arrangement. Their work in all these areas, as well as in the integrated follow-up of global conferences, will continue to encompass in-depth analysis, capacity-building, sharing of best practices and exchange of experience, providing advisory services as well as promoting policy dialogue.